

The Economic Crisis and Catholic Teaching

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IT might appear on a superficial view that the economic crisis does not concern the Catholic Church. The Church has not received any mandate to organize the temporal prosperity of man: she has authority to deal with his spiritual welfare. She constantly reminds man that not in bread alone doth he live. If the supply of bread runs short, if the production and distribution of wealth breaks down, it is none of her business. So, many people, even Catholics, take up the attitude that the Church has no right to intervene in economic affairs and should stick to her business of praying and saving souls.

But such Catholics are rudely disillusioned when they find that the economic crisis is being used by propagandists to indict the Catholic Church. It is argued: the capitalist system based on private property has broken down. But the system and the doctrine of private property are defended by the Catholic Church. Therefore the Church has been proved to be wrong. The working-class, already exasperated by the privations and miseries of unemployment, is being more and more influenced by this propaganda, as day follows day and the prospect of returning prosperity seems more remote as ever.

The working-class is not the only one that is thinking on these lines. Every class in the community has suffered and complains. Everywhere one hears talk of the failure of the economic system. There has been a tremendous increase of interest in economic subjects; articles and books dealing with economics and the crisis are being widely read. In all these articles and books the main question is, what reforms or reconstruction of the system are necessary to prevent another crisis? So in one of the most widely read books on this subject, "The Intelligent

Man's Guide Through World Chaos," by G. D. H. Cole, Reader in Economics in the University of Oxford, we find the issue stated as follows:

Are we to try and rebuild the existing system on a broader, more inclusive and necessarily more collective basis—creating a new world capitalism with a world outlook in place of the sectional and conflicting capitalisms of today? Or are we to make up our minds that capitalism, necessary at one stage of the world's economic developments, has done its work and no longer fits the technical powers of production that are at man's disposal in the twentieth century? This is the vital decision which every intelligent man has to make for himself in the present crisis (p. 53).

Undoubtedly one of the most important and sinister results of the crisis is that people are being led to regard the economic system based on private property as responsible for the present world depression and as, therefore, inherently defective. Whether these thoughts find expression in the crude and violent propaganda of Communists or in more subtle questions of professional economists, they may not be ignored, and they show that the world crisis has a deep interest for Catholic thought.

The history of the events which led up to the present position can be briefly reviewed. After the termination of the Great War in November, 1918, there was a widespread scarcity and international trade was to a large extent disorganized. In England recovery was quick; an industrial boom set in which lasted from 1919 to 1921, but was then checked by financial deflation, whereupon the figure of unemployed rose above the million mark. In 1925 England restored her currency to the gold standard but did not improve her industrial position. In other countries recovery from the effects of war was slower but it was more steady and secure. In France and U. S. A. industrial production increased at a great rate. Even Germany, by means of foreign loans, reestablished her industrial system, re-built her mercantile marine, and by 1927 was on the road to complete recovery. In 1927 there was general prosperity and little unemployment outside England. In the U. S. A., particularly, there was a great wave of optimism and widespread belief in a continuously rising standard of living for all. Stocks rose in price in the Wall Street Exchange and by September, 1929, the average prices of ordinary industrial shares had gone to

309, taking the 1924 prices as 100. Industrial production in the world had increased 30 per cent over the production of 1913, while population had increased only 11 per cent.

But in September, 1929, the boom on the New York Stock Exchange broke and a panic ensued. Stocks tumbled in price, banks began to call in loans, people went from optimism to pessimism and spent less money. There was less demand, production accordingly slackened, men were disemployed and there was consequently still less demand. So the vicious spiral of decreasing demand, lowered production, unemployment, and consequent lesser demand went on spinning downwards.

The effects of the New York Stock Exchange slump were felt in the industrial and financial life of every country and the process of decline once began went like an avalanche with increasing force. In two years stock prices dropped from 309 to 77 (taking the average prices of 1924 as 100): production dropped from 113 to 68. The effect on finance was particularly severe: loans were no longer made, money on loan was recalled; trade and industry, which are largely run on a credit basis, were paralyzed.

In 1931 the next stage in the crisis took place. The London money market was working on foreign deposits which it had lent to Germany. The deposits were recalled but the money could not be recovered from Germany and the Bank of England had to refuse paying in gold. Public confidence received another jolt and another spanner was thrown into the delicate machinery of international trade and finance. Since 1931 the depression has gone on without relief. There have been big financial crashes, like those of Hatry and Krueger, and now, in March, 1933, banks all over the U. S. A. are forced to appeal for government aid.

THE GRAVITY OF THE CRISIS

In regard to the seriousness of the world crisis there can be no doubt. It is generally spoken of by economists as the blizzard and we have recently had experience of the force of that comparison. The gravity of the situation may be judged from the figures of unemployment. In U. S. A. twelve millions, in Germany six millions, in England three and a half millions are unemployed. The fig-

ures represent an average of 23 per cent of the workers of these countries. In some trades the average is much higher: in the cotton, coalmining, steel and iron, and ship-building industries the average is around 50 per cent.

It may also be judged from the description of it made by His Holiness the present Pope. There is no one who is better informed about every part of the international situation and less likely to exaggerate. On 2d October, 1931, he issued an Encyclical Letter to the Bishops of the world. He describes the crisis as most severe and as having produced in every country fearful and increasing unemployment. He refers to the countless number of honest workmen, men who ask for nothing but the right to earn their bread, but who are reduced to living in enforced idleness and compelled to see their children suffer; and he speaks of the sufferings of those children and of the savage misery that had robbed their tender years of the child's birthright of joy. In May, 1932, the Supreme Pontiff found it necessary to issue another Encyclical Letter to the Christian world on the same subject. "Distress and unemployment," he says, "have increased," and then he makes this remarkable assertion: "If we review all the misfortunes that have befallen the race since the days of the Flood it would be hard to find one that caused spiritual and material distress so deep and so universal as that we are now passing through. Some of the greatest scourges struck only one nation at a time, but now the whole of humanity is held fast in the financial and economic crisis, so that the more it struggles the harder appears the task of loosening its bonds."

The Pope emphasizes that subversive elements are making use of the economic crisis for their propaganda:

The leaders of the campaign of atheism, turning to account the present economic crisis, inquire with diabolic reasoning into the cause of this universal misery. The holy Cross of our Lord, symbol of humility and poverty, is joined together with the symbols of modern craving for domination, as though religion were allied with these dark powers which produce such evils among men. Thus they strive, and not without effect, to combine war against God with men's struggle for their daily bread, with their desire to have land of their own, suitable wages and decent dwellings, in fine, a condition of life befitting human beings.¹

¹"Caritate Christi Compulsi," p. 7.

CAUSES OF THE CRISIS

When we proceed to enquire into the causes of the crisis we must first eliminate some factors which have not been in operation. The crisis is not due to any failure on the part of nature. It cannot be attributed to bad harvests, drought, earthquake or plague. Harvests in fact have been abundant. Neither can it be attributed to any defect in man's productiveness or inventiveness. Man-power and machine-power there are in abundance. The mechanization of industry has in fact developed so far that by running at half time it can easily supply the demand.

It is not a crisis of scarcity but of abundance, of over-production. Therein lies the tragedy. Not that there is not demand. There has been a demand not merely for luxuries such as motor-cars, cinemas, wireless sets, chocolate, but in large sections of the world there has been a great and unsatisfied demand for such necessities as food, clothes and housing. There is no likelihood of a crisis arising from lack of demand until the last African savage is equipped with his motor car, aeroplane and such-like material comforts.

The lack has been in *effective* demand or purchasing power. The goods are there but they cannot be sold—at a profit. Naturally nobody will sell at a loss. So economists tell us that the present crisis is one not of production but of distribution—of the intricate process by which products from every part of the world are interchanged by means of money. In the last half century, owing to the development of industrialism, a large and increasing portion of the world's population has become dependent for its livelihood on trade, on making and selling things for a profit. Another development of the last fifty years is that trade has become international. International trade must be carefully balanced, if it is to be carried on smoothly; if any difficulty arises, its effects spread in ever-widening circles.

When one consults economists to discover the root causes of the breakdown of international trade one finds that they are more or less agreed in pointing to a number of technical, industrial, and financial factors. On the one hand the mechanization of agriculture and industry has led to production beyond the effective demand of the market

and consequent slump and fall of prices. Each producer thinks only of himself, turns out as much as he can and trusts to luck to get as big a portion of the market as he can. The world has long been familiar with the trade-cycle of prosperity, over-production, fall of prices, under-production, scarcity, rising demand, renewal of prosperity, and so on.

The industrial slump at present has been aggravated by political, financial, and monetary factors. War debts and reparation, tariffs, the drain of gold, have led to a restriction of currency in many countries. There has been a tremendous fall in wholesale prices. Prices of cotton, wool, lead, rubber, wheat, maize, coffee, butter have fallen to one-third what they were in 1924. Yet debts, national, local and private, remain unchanged; which means that the producer must sell three times as much in order to keep solvent. To complicate matters further there has been a financial crisis involving a restriction of credit. Because of wars and rumors of wars, fears of Hitler and Mussolini; because their fingers were badly burned by speculation, leaders have got uneasy, they will not take risks and invest money. Industry and trade are deprived of the huge quantities of credit facilities on which they were run.

When the economists have got through their diagnosis of the causes of the trouble and proceed to prescribe remedies we find that they all insist on some changes of organization. The changes vary in intensity and violence but in every case emphasis is laid on the organization or structure. The Communists are the most thoroughgoing, and maintain that the present structure has broken down and must be scrapped.

ECONOMISTS' SILENCE ON RELIGION

None of the economists, be they conservative, like Sir Arthur Salter² and Sir Josiah Stamp,³ or advanced, like Mr. G. D. H. Cole, make any reference to religion: the idea never seems to have occurred to them that religion would have anything to say on the problem or could make any contribution to its solution. They make no reference

²"Recovery: The Second Effort." By Sir Arthur Salter, K.C.B. London: S. Bell & Sons.

³"The World Economic Crisis and the Way of Escape." By Salter, Stamp, Keynes and others. London: Allen and Unwin.

to any statement or attitude of any religious authority. Such silence is what one might expect from an intellectual environment that had long been dominated by the Protestant conception of religion as matter for the individual conscience only. The rejection of a public external authority in religion and morals led to that individualistic liberalism which divorces economics from ethics. That system of thought is dominant in non-Catholic circles still, and Catholics whose intellectual contacts are largely non-Catholic become easily infected with it.

It is therefore necessary, in view of the silence of economists, to recall that the head of the Catholic Church has dealt formally with the economic problem three times in the last two years, has outlined the Catholic solution and has declared that only by that solution will the world be saved. A startling claim to one who has been reading the economists, but then the Catholic Church claims that fundamentally the problem is one of morals and that she has received from God the exclusive right to teach the moral law. In May, 1931, Pope Pius XI issued the Encyclical, "Quadragesimo Anno," in which he dealt with the social and economic question in detail. On October 2, 1931, he issued the Encyclical, "Nova Impendet," on the economic crisis, and on May 3, 1932, he issued the Encyclical "Caritate Christi Compulsi," on the same subject.⁴ The Pope has in these documents given us clear and definite teaching in regard to the causes and the solution of the present crisis. A knowledge of that teaching is a great intellectual acquisition, for it gives a true insight and a sense of proportion. Yet it is remarkable that of the thousand Catholics who have consulted the confused and tentative views of economists few have read the teaching of the Pope.

THE POPE AND THE CAUSES OF THE CRISIS

In regard to the causes of the present crisis the Pope makes a distinction of supreme importance which is ignored by the economists. He distinguishes between the faults of the system and the faults of those who run the system. In this age of machinery common sense and experience have made very vivid and familiar the lesson that

⁴For the convenience of readers reference to these Encyclicals will be according to the English Translation issued by the C. T. S. of England.

machinery, however good it is, needs good driving. When machinery breaks down we do not blame the maker unless we are sure in the first place that it was not the fault of the driver, that he was sober, careful and competent, and in the second place that the machinery had not been tampered with since it left the works. Now the tendency in regard to the economic breakdown has been to forget all about the driver and to blame the system. Both bourgeois economists and socialists take it for granted that the breakdown was not the fault of those who ran the system—that they were trained, sober, and careful; that the fault was in the system. Socialists go further and assume that the system which they indict is that approved and certified by the Catholic Church. The Pope, on the other hand, makes it quite clear that the evils of the present situation are due partly to the system and partly to those who run it.

It must be remembered that before 1929 and before the war there was unemployment. There was periodic unemployment; there was poverty. On the one side was an immense number of propertyless wage-earners living on the borders of destitution in wretched houses without provision for sickness or old age; on the other side a few immensely rich persons living in extreme luxury. That, in a few words, is what is known as the social problem. It is no new problem: it is that which lies at the root of our present troubles, for the industrial and financial depression has simply aggravated it.

THE POPE AND THE ECONOMIC SYSTEM

In dealing with that problem in "Quadragesimo Anno" the Pope has examined and criticized the present economic system. The Pope teaches that the system itself is not to be condemned, that it is not vicious of its very nature. He draws an important distinction between the system and abuse of it. Private property and the wage-contract are upheld by the moral law:

The system violates right order when capital so employs the working or wage-earning class as to divert business and economic activity entirely to its own arbitrary will and advantage without any regard to the human dignity of the workers, the social character of economic life, social justice and the common good.⁵

⁵"Quadragesimo Anno," p. 45. Catholic Truth Society edition.

Among economists there is considerable confusion and obscurity in describing the system. It is called capitalism and vaguely identified with the system of private property and private enterprise.

Industrial capitalism involves: (1) that production is by means of machinery and on a large scale; (2) that the machinery belongs to relatively few, who get the risk and the profits; (3) that it is staffed by a large body of workers who are propertyless, are hired by the owners of the machinery and receive a fixed wage. There is nothing intrinsically wrong with any of these conditions. But as industrial capitalism actually developed there became attached to it certain other tenets. Of recent years historians of economics, such as Troeltsch, Weber and Tawney, have traced these accretions to the fact that capitalism grew up in a Protestant environment under the influence of Reformation principles. These tenets are: (1) That the rights of owners are absolute and unfettered; (2) that there should be complete freedom of competition in trade and in the labor market, and that the State should not interfere with business or industry; (3) that the employer may give to the worker as little wages as he can; (4) that finance, industry and commerce are subject to only one law—that of supply and demand.

These are the tenets which influenced the growth of industrial capitalism, which gave it its distinctive character and became identified with its very being. To these tenets Catholic teaching is diametrically opposed. It holds (1) that property rights are not absolute but are limited by the duties of property; (2) that the State has the right and the duty to define and to enforce the duties of property and defend the welfare of the community; (3) that labor has the right to a living wage; (4) that finance and industry are subject to the moral law.

To maintain that the Catholic Church approves of modern capitalism "*simpliciter*" shows a lamentable ignorance of history and of Catholic social teaching. Forty-two years ago Leo XIII pointed out in his famous Encyclical, "*Rerum Novarum*," the defects of the system, but his warnings received very little attention from the financiers and politicians of England, Germany and America. More recently, in 1931, Pius XI, in the Encyclical "*Quadra-*

gesimo Anno" spoke plainly of the evils of the present economic order.⁶ He made it quite clear that remedies were required and reform demanded.

But the Pope makes it quite evident that it is reform not abolition that is required. Catholic social teaching insists upon the distinction between the elements of value and the defects of the system. In particular it points out that it is not from the principle of private property that the present breakdown has resulted, but from the abuse of that system.

The right of private property as it is formulated by the Catholic Church is a natural right, a sound and salutary institution, which experience has proved to be necessary for the liberty of the individual and for the peace, order, progress and freedom of the community. The socialist contention that private property is essentially vicious is disproved by an examination of the nature and history of man and by the practice of socialists themselves. If evils have resulted from private property they were the result of the abuse of property, not of its right use. Every human institution is liable to abuse. It is an old maxim, but one often forgotten by socialists that abuse is no argument against right use. Because some men take too much whisky it does not follow that whisky is bad and should be prohibited. Bad as the evils of intemperance are, the evils of prohibition have been found to be greater. So, too, bad as the evils of private property are, those which follow from its abolition are decidedly worse.

The first part of the Catholic solution therefore is not abolition but reform. To the extremists' cry of scrap the system it calmly replies: scrap the abuses and defects by all means, but do not scrap what is valuable and indispensable.

THE POPE AND REFORM OF THE SYSTEM

In his latest Encyclical on the crisis, of May 3, 1932, the Pope refers us to "Quadragesimo Anno" for the full treatment of the Christian program of reform. "In our Encyclical 'Quadragesimo Anno' we advocated energetically a more equitable distribution of the goods of the earth and indicated the most efficacious means of restoring health

⁶Pp. 28, 29, 46, 58, 60, "Quadragesimo Anno," Catholic Truth Society edition.

and strength to the ailing social body."⁷ They are briefly summarized in "Quadragesimo Anno," p. 48:—

The remedies for these great evils we have exposed in the second part of the present Encyclical where we explicitly dwell upon their doctrinal aspect: it will therefore be sufficient to recall them briefly here. Since the present economic regime is based mainly upon capital and labor it follows that the principles of right reason and Christian social philosophy regarding capital, labor, and their mutual co-operation, must be accepted in theory and reduced to practice. In the first place due consideration must be had for the double character, individual and social, of capital and labor in order that the dangers of individualism and collectivism be avoided. The mutual relations between capital and labor must be determined according to the laws of the strictest justice, called commutative justice, supported, however, by Christian charity. Free competition and still more economic domination must be kept within just and definite limits and must be brought under the effective control of the public authority in matters appertaining to the latter's competence. The public institutions of the nations must be such as to make the whole of human society conform to the common good, *i. e.*, to the standard of social justice. If this is done the economic system, that most important branch of social life, will necessarily be restored to sanity and right order (pp. 48, 49).

It is evident, therefore, that there are definite principles of reform: they are not detailed enactments but general principle. The summary of them given by His Holiness refers back to the second portion of the Encyclical where they are expounded in more detail and in fuller light.

When we read through this second part of the Encyclical, in which Pius XI defends and develops the social and economic doctrine of Leo XIII, we find the object and methods of Christian reform very clearly stated:—

This is the aim which our Predecessor urged as the necessary object of our efforts: the uplifting of the proletariat. It calls for more emphatic assertion and more insistent repetition on the present occasion because these salutary injunctions of the Pontiff have not infrequently been forgotten, deliberately ignored, or deemed impracticable, though they were both feasible and imperative (p. 28).

Then only will the economic and social organism be soundly established and attain its end when it secures for all and each those goods which the wealth and resources of nature, technical achievement, and the social organization of economic affairs can give. These goods should be sufficient to supply all needs and an honest livelihood and to uplift men to that higher level of prosperity and culture which, provided it be used with prudence, is not only no hindrance but is of singular help to virtue (p. 35).

⁷"Caritate Christi Compulsi," p. 12.

According to the teaching of the Popes the object of economic reform is not higher production for its own sake, or military aggrandisement or economic imperialism, but the welfare of the community by means of a just and equitable distribution of created goods.

As a first step in that direction the Pope insists on the right of labor to a living wage.

Every effort must be made that fathers of families receive a wage sufficient to meet adequately ordinary domestic needs. If in the present state of society this is not always feasible, social justice demands that reforms be introduced without delay which will guarantee every adult workingman just such a wage.

In expounding the Catholic doctrine of the just wage the Pope emphasizes the individual and social character of labor and points out the factors which determine the upper and lower limits of the just wage. First among them, as fixing normally the lower limit, comes the support of the workingman and his family.

The securing of a living wage is, however, only a means, in the view of Catholic teaching. Reform should aim at the widest possible extension of the blessings of private property.

Every effort must be made that at least in future a just share only of the fruits of production be permitted to accumulate in the hands of the wealthy, and that an ample sufficiency be supplied to the working man. The purpose is not that these become slack at their work, for man is born to labor as the bird to fly, but that by thrift they may increase their possessions and by the prudent management of the same may be enabled to bear the family burden with greater ease and security, being freed from that hand to mouth uncertainty which is the lot of the proletarian.

The Pope advocates the modification of the wage-system by co-partnership with a view to securing the widest diffusion of property. The wage-system is lawful, but it is not the ideal; it does not provide the sturdy independence, the tranquil security and the higher productivity that will come from a wider diffusion of property. An important difference between the Church and Communism is this: the Church does not think that man should for ever be condemned to wage-slavery; his horizon should not for ever be limited to working for another. There is a happiness, a contentment, a joy of life, in working for one's self, in being one's own master; and these should not be denied to

any class of men. The widest diffusion of property makes for contentment, peace, industry, and a fuller and a higher life more in conformity with human dignity.

Modern capitalism, as shown in America, is driving out the small owner, the small industry, farmer and craftsman, and making them wage-laborers of a big syndicate, so as to concentrate all property in the hands of a few. As long as the wage was good and regular there was not much complaint, and it was silenced with loud talk about modern industrial progress. But now the wage is neither sufficient nor regular, the big industrial machine that dispossessed so many small owners has broken down, and it has left them without independence, security or means of livelihood as helpless, unemployed wage-dependents. Communism is simply State capitalism; it is Americanization carried to its full length. The State owns all the industries and its citizens are its employees, condemned for ever to wage-earning and a double servitude.

The third point in which Catholic teaching advocates reform is in regard to the action of the State. Pius XI condemns the doctrine of individualism, which held that the State should never interfere in economic affairs. He declares that the State must intervene to define the duties of property and to protect the interests of the community. Economic affairs have hitherto been governed by the principle of free competition, and more recently by the struggle for economic supremacy.

More lofty and noble principles must be sought to control this supremacy sternly and uncompromisingly, to wit, social justice and social charity. To that end all the institutions of public and social life must be imbued with the spirit of justice; and this justice must above all be truly operative, must build up a judicial and social order able to pervade all economic activity. Social charity should be, as it were, the soul of this order, and the duty of the State will be to protect and defend it effectively (p. 41).

The Pope goes so far as to say: "When we speak of the reform of the social order it is principally the State we have in mind" (page 36). And later (page 60), referring to the evils of the present day, he says: "A stern insistence on the moral law, enforced with vigor by civil authority, could have dispelled or perhaps averted these enormous evils."

This does not mean that he advocates what is nowadays called the totalitarian State, the State which directs

and absorbs all activity. The true function of the State is not to absorb but to supplement the efforts of the individual and family. Instead of centralizing all power in its own hands it should leave to groups and associations work they are capable of performing efficiently, and should encourage the formation of such groups. This is the idea of the corporative or organic State. The Pope advocates the reestablishment of vocational groups, *i. e.*, the association of men according to function, trade or profession. These groups will fulfil a two-fold purpose: firstly, the extinction of class-warfare and promotion of harmony; secondly, the regulation of the affairs of industry and trade. We hear from economists of the great evils of unregulated production, and socialists hold that the only remedy is State ownership. The Catholic position is that the remedy is by the organization of industry on the basis of the guild system. The internal organization of industry has developed on many lines in the last few years, particularly in Germany in connection with the policy of "rationalization": at present in England the coal-mining industry has a Board which determines production and sales.

These are in brief four principles of reform which Catholic teaching recommends. They involve not the abolition of the present system but a change of outlook and methods. Already, in 1931, the Pope warned us: "Unless serious attempts be made with all energy and without delay to put them into practice let nobody persuade himself that the peace and tranquillity of human society can be effectively defended against the forces of revolution."

REFORM OF THE SYSTEM NOT SUFFICIENT

Important and necessary as it is, the Church does not delude itself by thinking that reform of the system will suffice to effect a solution of the crisis and will guarantee us against similar crises in the future. Here it is that the Pope's attitude to the crisis differs profoundly from that of the economists. They all pin their faith entirely to some reform of the system, they leave out of sight the human or psychological factor. They give us the impression that if only some adjustment of the machine be made all will be well.

The Pope, on the other hand, insists that it will not

suffice to reform the system unless we reform those who work it. To reform suggests that there have been defects in the past, and that suggestion the Pope very definitely makes. It is his considered opinion that the root cause of the present crisis is to be found in the folly, greed and brutality of men. In the Encyclical of May 3, 1932, he points out how from greed have arisen mutual distrust that casts a blight on all human dealings, envy that makes a man consider the advantages of others as losses to himself, narrow individualism which tramples on the right of others and subordinates everything to itself. In the Encyclical "Quadragesimo Anno," of May, 1931, the Pope used the striking phrase "What will it profit to teach men sound principles in economics if they permit themselves to be so swept away by selfishness, by unbridled and sordid greed, that hearing the commandments of God they do all things contrary?"

If one reads through a review of the causes which led to the crisis, such as Sir Arthur Salter's "Recovery,"⁸ one will find very little reference to moral factors, yet on examination one finds that the causes mentioned are not technical but are human and moral defects; that they arise from the selfishness of individuals or nations.

It is to the war that we owe the problems created by war debts and reparations. The war debt that is pressing on poverty-stricken Europe runs to thousands of millions of pounds. The amounts paid in interest form a crushing burden on national taxation. In England nearly £300,000,000 each year is required to pay interest on war debt and war pensions. While poverty-stricken Europe is crushed beneath the burden resulting from the last war it is spending immense sums—more than would solve the housing problem in each State—in preparing for the next war. England spends £104,000,000 this year on army, navy and air-force.

The threat of war is not merely a drain upon wealth, it hampers the smooth working of international trade and finance by destroying trust and confidence. There is nothing that the world needs today more than the guarantee of international peace to bring about economic recovery. Peace, political and international, depends entirely on the

⁸"Recovery." London: S. Bell & Sons, 1932.

steadiness and restraint of the people; it is at the mercy of national egotism and greed.

Next to war and the fear of war, speculation on the Stock and Produce Exchanges has been the cause of the crisis. In 1927 the United States of America were enjoying great prosperity and there seemed every reason to expect a steady and continual rise in the standard of living. But the fever of speculation or, in plain language, the greed for quick profits, seized the people and has led with its inevitable reaction to the dislocation of American industry and finance. Greed for easy returns has provided a wide field for the dishonest company promoter and financier.

The default of two such as Hatry and Krueger since 1929 have involved the loss of millions of money and Sir Arthur Salter⁹ paints a very dark picture of the abuses involved in the raising of unjustified and wasteful foreign loans in America and Europe, in the years 1926-28, which have led to widespread default and bankruptcy. Dishonesty of bond-sellers, financiers, and company promoters has preyed on the greed of investors and has destroyed the confidence of the lending public.

In every level of the economic structure greed and selfishness exercise a disrupting effect: among the middle class and poor as well as among the rich the craze for pleasure and indulgence is the root cause of the extravagance, wantonness, gambling, debts, and bankruptcy which have made industry and trade so full of risk and uncertainty.

The economic system is entirely dependent on moral factors. Commerce, trade, and industry are based on agreement, trust, reliance—reliance on the other man's conscience. The word credit, which is so much bandied about at the moment, should remind us that fundamentally the economic problem is one of human relationship based on respect for morals. There can never be a system which dispenses with fair dealing. If there is widespread decline in morals it will inevitably have an injurious effect upon economic life: the effect may be slow and beneath the surface, it will be none the less powerful and pervasive.

The breakdown in international finance and trade at the present moment is attributed by all economists to lack

⁹"Recovery," p. 104.

of confidence. In plain language that means that men do not trust each other—in diplomacy or economics. They fear aggression and default. Obviously there cannot be any reconstruction until men do trust each other, until they can be relied on to respect justice and charity for conscience' sake. Laws, police and jails may punish the worst evils but they will not prevent evil if men do not heed conscience. If there be not respect for justice there will be no security and there will be no progress. Economic progress is of its nature dependent on moral progress. Development of machinery without development of conscience in the user is not progress but misfortune.

THE FUNDAMENTAL NEED: MORAL REFORM

Therefore, as the Pope continually insists, the fundamental need of the moment is the moral reform of society—the reform of its attitude towards the purpose and use of wealth. There can, however, be no effective moral reform without religion.

How can there be talk of guarantees of conscience when all faith in God and fear of God have vanished? Take away this basis and with it all moral law falls, and there is no remedy left to stop the gradual but inevitable destruction of peoples, families, the State, civilization itself.¹⁰

Pius XI concludes his survey with the striking appeal:—

Nothing remains for us, therefore, but to invite this poor world that has shed so much blood, has dug so many graves, has destroyed so many works, has deprived so many men of bread and labor, nothing else remains for us, we say, but to invite it, in the loving words of the sacred liturgy, "Be thou converted to the Lord thy God."¹¹

The Catholic solution to the economic crisis strikes deep. It insists that we must not only reform the laws but also the hearts of men. The solution is two-fold, and to leave either part out distorts it. On the one hand it is not sufficient to exhort men to be patient and abstemious and honest if we do not endeavor to reform the system and guard against the abuses which encourage dishonesty, oppression and spoliation. But on the other hand we must not rely on a modification of the system alone. There are

¹⁰Pius XI, "Caritate Christi Compulsi," 3d May, 1932, p. 19.

¹¹Idem., p. 21.

reformers who believe that by some change in the form of government, the ownership of factories, or the machinery of currency or credit, all will be well. Pius XI is quite explicit to the contrary. "No leader in public economy, no power of organization will ever be able to bring social conditions to a peaceful solution, unless first, in the very field of economics, there triumphs moral law based on God and conscience."

Those who may doubt the Pope's teaching on the supreme and universal need of moral reform in any economic reconstruction will find a striking vindication of it in an unexpected quarter—Bolshevist Russia.

If anyone thinks that the defects of human dishonesty and greed arise not from human nature but from the capitalist system; that the only way to remedy them is to adopt Communism, and that Communism would dispense with the effort to control the passions of man, he knows very little of the history and methods of Bolshevist government. The Bolshevist Government has found that a change of system does not dispense with moral control. It has found that the change in the system makes a much greater and higher demand upon the individual. Though it is bent on extirpating religion and Christian morals it demands from all Russians a high standard of social conduct. The duty of workers is summed up in the famous phrase of Trotsky, "Work, order, discipline," and it is an iron discipline, absolute obedience, unremitting toil and complete devotion to the common good. Bolsheviks condemn selfishness and greed not with words but with prison and death. When they demand enthusiasm, sacrifice, and toil for the sake of a system which deprives man of political, intellectual and religious liberty who can complain if the Catholic Church asks men to observe the law of justice and charity in order that they may enjoy individual and social welfare in this life and eternal happiness in the next?

THE SCOPE OF HISTORY

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IS the History of Philosophy philosophy or history? Does the Philosophy of History belong to the field of the historian? And are these just idle questions that belong to the province of the philosopher rather than to that of the historian? In self defense let us only remark that while the historian has the answer he is likely to find the unhistorical unanimous against him. An eminent professor of philosophy has found fault with the History Department of St. Louis University for listing the "Intellectual Revolution" on its schedule. From the remarks of an equally eminent professor of English we gather that he would exclude life, thought and emotion from the historian's field. But in both cases practice belies preaching. Neither would attempt to exclude history from his own field. As a matter of fact, we have observed that very often the brightest spots in a lecture on philosophy, and the same may be said for literature, are those that deal with history. And vice versa the best chapter in a history text is often that which deals with ideas and their influence. A fair proportion of doctoral dissertations in most departments of any university would qualify with a little retouching, for a Ph.D. in history. You cannot remain human and ignore history. And on the other hand, the historian claims the right to show an interest in everything that man has done or said or thought provided only it is important enough to merit attention.

It is a mere commonplace to insist that history is not a narrative of wars and battles, not even a mere rehearsal of political intrigues or of palace scandals. Yet platitudinous as this assertion may seem we must still leave it in our forewords and introductions for the benefit of those whose studies were made before history came into her own in the college curriculum. Perhaps the finest specimen of unhistorical nonsense we can recall is the rejection of by a certain teachers' college of credits in Church history. At least the credits were worthless until the names of courses were changed to "Institutional" and "Cultural" history. The dark ages are still with us.

A course in the History of Christian Spirituality will seem a bit odd to the unknowing. The University is

offering it with no little trepidation. Objections will be heard to the effect that spirituality has no history and that the historian has no business talking about spiritual things. And yet anyone who knows anything about the civilizations of the world will admit that there is something unique about our own. And if he searches among the elements that make Europe unique he will find first and most essential the Christian heritage. And this is not a mere name or a memory but a living thing working through the ideas and motives it generates. Other elements are also essential but at the beginning of European civilization we have the teachings and the rules of conduct which Jesus Christ gave to the world. And in the building of that civilization Christ living on and ever active in his followers has been an ever present factor. Nor is this an intangible thing. In the triumph of spirit over matter, in the intermittent rise of humanity above the forces that drag it down, the working of Christian ideas is an historical fact. The Church of Christ has been the soul of Europe. We could write a chapter on each succeeding generation around the saint or saints who dominated it. The bishops, the monks and the missionaries would fill at least three large volumes. Without the saints Europe would not be the Europe we know; and without a knowledge of their spirituality, varied yet essentially one, we cannot understand the saints and their beneficent activities.—R. C.